

SASKATCHEWAN
OPPORTUNITIES
CORPORATION
ANNUAL REPORT 2009



LETTER OF TRANSMITTAL

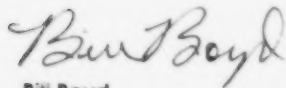
March 31, 2010

To His Honour
The Honourable Dr. Gordon Barnhart
Lieutenant Governor of the Province of Saskatchewan

Dear Sir:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation for the year ended December 31, 2009, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,

A handwritten signature in cursive script, reading "Bill Boyd".

Bill Boyd

Minister Responsible for Saskatchewan Opportunities Corporation

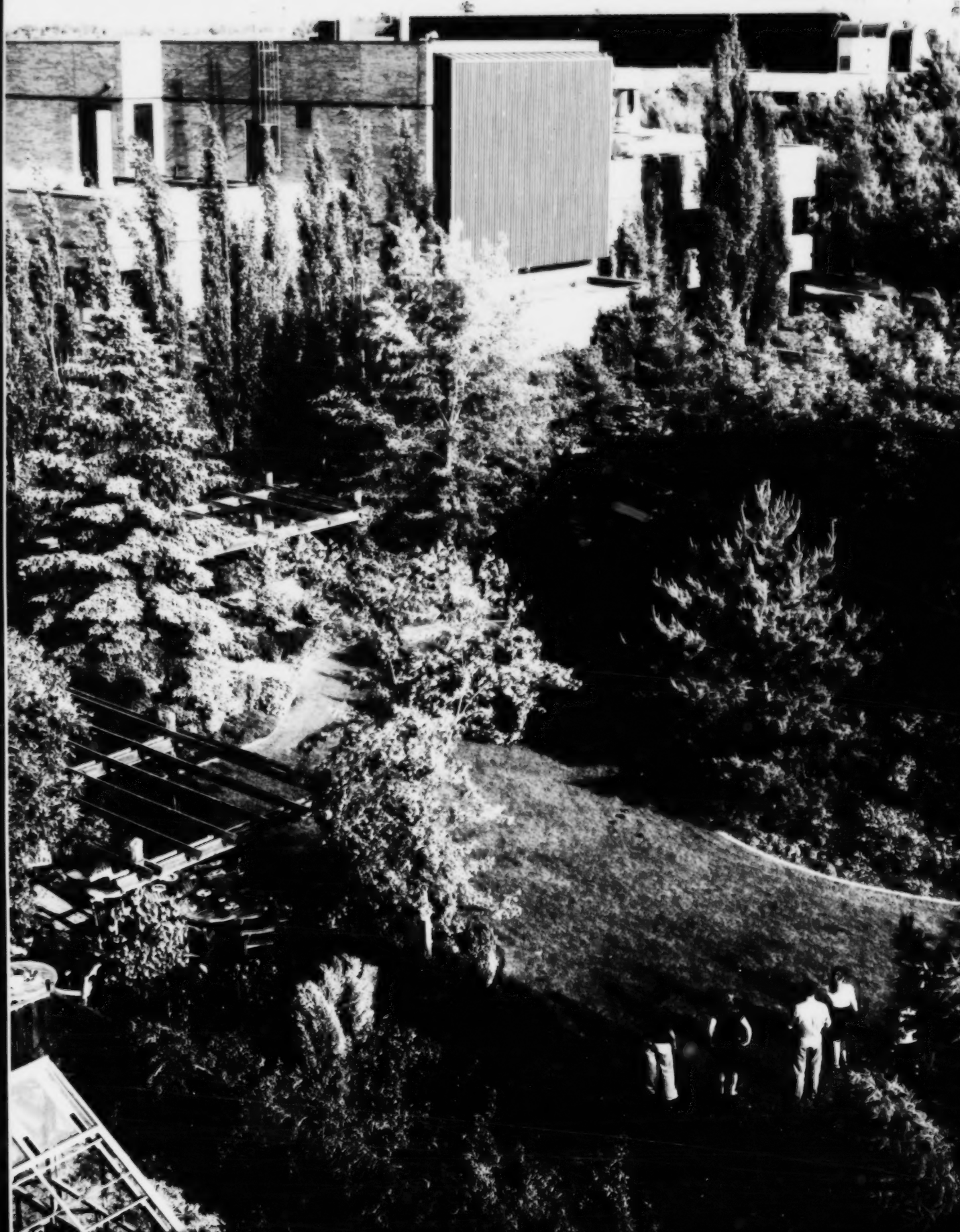


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MESSAGE FROM THE CHAIR

Since our appointment two years ago the present Board of Directors for Saskatchewan Opportunities Corporation has had the pleasure of being exposed to the exciting and dynamic business that is Innovation Place. During that time we have had the opportunity to contribute our skill and experience to the growth and improvement of one of Saskatchewan's true success stories. The varied backgrounds of Board members have been used to ensure thoughtful analysis of corporate results and spirited discussion and critique of management proposals.

The Board and its committees have challenged management to move towards a broader, more comprehensive risk management framework. This process will continue through 2010.

During 2009 the Board had our first planning retreat where we had a productive dialogue with management on key issues concerning the nature of research park tenants, the scope of activities appropriate for the Corporation and the role the private sector could play in future development. We also spent time evaluating our own performance as a Board during our first year.

I have had the opportunity to participate in the Chairs Forum with the Chairs of other provincial Crown corporations. These meetings help ensure a connection with broader government policy. All Board members have taken advantage of the training made available by Crown Investments Corporation. Our Board and committee Terms of Reference were reviewed and updated.

During the coming year we look forward to taking an important new step in our governance structure with a discussion on mid term goals. At present the corporate goals are broad and far reaching without any specific measurements attached. The strategic objectives are relatively short term and tactical. We will consider the value of specific measureable goals in a ten to fifteen year time frame.

On behalf of the Board of Directors, I would like to extend our appreciation to management and the employees for their continued hard work and dedication in achieving outstanding results again in 2009. I can say we are proud of the achievements of Innovation Place and are committed to guiding it towards an even better future.

I am pleased to present SOCO's 2009 Annual Report.



Arlene Wiks
Chair of the Board



MESSAGE FROM THE PRESIDENT

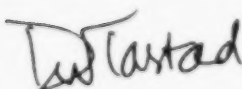
Saskatchewan Opportunities Corporation enjoyed another successful year in its core research park operations in 2009, providing quality facilities and services to tenants of Innovation Place in Saskatoon, Regina and Prince Albert. We did not escape the international economic recession completely unscathed as these conditions had a devastating impact on our Bio Processing Centre, resulting in the lowest sales revenues in its 10 years of operations. Processing activity improved by year end and 2010 appears to offer substantially better prospects.

More than 180 diverse tenants, occupying 1.7 million square feet of building space, have established themselves in Saskatchewan's research parks. Sectors represented in Innovation Place include life sciences, environmental sciences, agriculture, mining, petroleum, forestry and information technology. Together these tenants contributed \$725 million to the provincial economy and directly employed more than 4,700 people in high paying challenging careers in 2009. Developments planned for the future will see this impact continue to grow.

This success has garnered international attention. The Association of University Research Parks named Innovation Place the 2009 Outstanding Research Park recognizing our role in supporting the growth of science and technology related economic development in Saskatchewan. Over the award's 13 year history, Innovation Place becomes only the second Canadian park to achieve this recognition.

Innovation Place is committed to reducing the environmental footprint of the research parks and has established Leadership in Energy and Environmental Design® (LEED) Gold as the objective for new building design. Innovation Place is also committed to sustainable operations and has set a BOMA BEST rating of 80% as the target for the average performance of existing buildings. Less than 20% of individual buildings in Canada achieve this rating. Early in 2010 we were notified that one of our buildings became the twelfth building out of more than 1,500 buildings rated in Canada to achieve a rating of over 90%.

I would like to extend our appreciation to our employees for their continued hard work and dedication in achieving another year of growth, outstanding client satisfaction and international recognition.



Douglas Tastad
President and Chief Executive Officer



CORPORATE GOVERNANCE

Board of Directors

Arlene Wiks, Chair

Term expires: February 5, 2011

Arlene Wiks is recently retired from CIBC where she spent 35 years in a variety of roles. At retirement she held the position of Associate Vice President, Small Business and Retail Banking responsible for branches in Regina and Saskatoon. Arlene holds a Certified Financial Planner Designation from the Canadian Institute of Financial Planners as well as an Administration Certificate from the University of Saskatchewan. Arlene has served on several boards over the years including Director of the Saskatoon and District Chamber of Commerce, Royal University Hospital Foundation and Junior Achievement.

Dr. Richard Florizone

Chair, Audit & Finance Committee

Term expires: February 5, 2012

Dr. Richard Florizone is the Vice President of Finance and Resources at the University of Saskatchewan. Originally from Prince Albert, Richard is a graduate of the University of Saskatchewan in Engineering and Physics and holds a Ph.D. in Nuclear Physics from the Massachusetts Institute of Technology. His previous work experience includes positions as a Director of Strategy for Bombardier Aerospace, Consultant and Project Leader for The Boston Consulting Group, and Senior Corporate Liaison Officer and Fundraising Consultant for Cambridge University. Richard has served on several boards over the years including the Canadian Light Source and the Waterloo Institute for Nanotechnology. In October 2008 he was asked by the Government of Saskatchewan to chair the Uranium Development Partnership.

David Buffon

Chair, Human Resources & Governance Committee

Term expires: February 5, 2012

David Buffon is the Vice President of Administration and Chief Financial Officer at the University of Regina. He is responsible for University logistics including Human Resources, Information Services, Risk Management, Ancillary Services, Financial Services, Resource Planning, Security and Facilities Management. David is a Professional Engineer, Planner and Project Management Professional. He has been at the University of Regina for 15 years; prior to that retired from the Military as a Lieutenant Colonel after almost 22 years of service as a Military Engineer. David is also a member of the Board of the Canadian Association of University Business Officers; President - Elect of the Rocky Mountain Region of the Association of Higher Education Facilities Officers and a resource to the University of Regina Board of Governors. He is a past board member for Wascana Centre Authority.

Mark Regier, Vice Chair

Term expires: February 5, 2012

Mark Regier has been with Saskatoon PrairieLand Park Corporation for the past 19 years, six years as Controller and 13 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry. Mark is past President of the Canadian Association of Fairs & Exhibitions and past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Certified Management Accountant (CMA).

Shauna Fjaagesund

Term expires: February 5, 2012

Shauna Fjaagesund is a self employed entrepreneur from southwest Saskatchewan. She recently finished her term as the President of the Swift Current & District Chamber of Commerce. Shauna owns and manages residential housing and commercial farmland properties and has prior experience as a financial consultant, small business owner and biotech laboratory worker.

Kathy Shirkey

Term expired: December 31, 2009

In 2009, Kathy Shirkey was the Marketing District Team Leader with AECOM (formerly UMA Engineering), a global engineering firm. She was responsible for all aspects of marketing including guiding and providing oversight for all AECOM engineering proposals in Saskatchewan. Kathy is past President of the International Association of Business Communicators, Saskatoon Chapter. She has BA (Hons) in Regional and Urban Development and a Business Administration Certificate, both from the University of Saskatchewan.

John Schmeiser

Term: February 1, 2010 to February 5, 2012

John Schmeiser is the Executive Vice President and Chief Executive Officer of the Canada West Equipment Dealers Association, a role that he has held since 1996. John also serves as the Vice President of Canadian Government Affairs for the North American Equipment Dealers Association. He has been the Treasurer of the Canada Equipment Dealers Foundation since 1998 and is Past Chairman of the Board for IRON Solutions L.L.C. and Past President of the North American Equipment Association Executives. John is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College.

Gina Deveau

Secretary to the Board of Directors

Corporate Officers

Douglas Tastad

President and Chief Executive Officer

Douglas Tastad has held the position of President and Chief Executive Officer for Innovation Place since 2002. He has over 31 years experience with Innovation Place, including positions as Vice President of the Research Parks Division and other senior management positions. He was the key management person in 1979 during the inception of Innovation Place. He is currently Chair of the Meewasin Development Review Committee. Douglas has served on various business and community boards, including Saskatchewan Advanced Technology Association, Saskatchewan Association of Architects (community representative), University of Saskatchewan Technologies Inc. (UST) and the BIOTEC Canada Finance Committee. Douglas is an Honorary member of the Saskatchewan Association of Landscape Architects.

Charlene Callander

Vice President and Chief Financial Officer

Charlene Callander has held the position of Vice President and Chief Financial Officer for Innovation Place since 2006. Charlene joined Innovation Place in 2001 as the Corporate Comptroller; she was promoted to Executive Director, Accounting and Administration in 2003. Prior to joining Innovation Place, Charlene obtained her Chartered Accountant designation at the Provincial Auditor of Saskatchewan and worked as Assistant Director of the Integrated Financial Services Unit at Saskatchewan Health.

Ken Loeppky

Vice President and Chief Operating Officer

Ken Loeppky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park. Prior to joining Innovation Place he worked as a Senior Property Manager at Harvard Developments Inc. and at Saskatchewan Housing Corporation. Ken is the Past Chair of the Building Owners and Managers Association (BOMA) of Canada. He is currently Chair of BOMA's National Advisory Council (NAC).

Austin Beggs

Vice President, Corporate Relations

Austin Beggs has been Vice President, Corporate Relations for Innovation Place since 2008. Austin joined Innovation Place in 1980 and has held a variety of positions related to marketing, development and communications; he served as the first General Manager of the park in Regina. Austin is past President of the Association of University Research Parks (AURP). He is currently a member of the International Association of Science Parks (IASP), a member of the Board of Directors for Regional Employment Development and is the Saskatchewan Chapter Chair for the Manning Innovation Awards.

Lorne Vinish

Vice President, Business Services

Lorne Vinish has held the position of Vice President, Business Services for Innovation Place since 2008. Lorne has 15 years experience with Innovation Place in various positions including Investment Manager and Director, Business Services. Lorne's experience prior to joining Innovation Place include the roles of stockbroker, manager of a mutual fund dealer, consulting manager with the Business Development Bank and commercial banker with the Continental Bank of Canada. Lorne currently serves as a member of the Board of Directors of SRNet, Saskatchewan's high-speed research network.

Authority

Saskatchewan Opportunities Corporation (SOCO or the Corporation) is a Crown corporation governed by *The Saskatchewan Opportunities Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction and performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

Corporate Governance Practices

Crown Investments Corporation Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

Independence

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation. While having no personal connections to SOCO, Mr. Button and Dr. Florizone are employed by the province's two universities, both of which have land leases with SOCO and at times are involved in other business arrangements with SOCO. Whenever issues concerning the universities arise in Board meetings, both members declare their potential conflicts and absent themselves if the Board judges a conflict to exist.

A standing agenda item for each Board and Committee meeting is a declaration of conflict of interest and an in-camera session without management present.

Key Accountabilities

The Board has a written Terms of Reference^{*} that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day-to-day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees: the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference^{*} and have access to outside professional advisors if necessary.

Audit and Finance Committee

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval to the Board of all policies and procedures regarding SOCO financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

Human Resources and Governance Committee

The Human Resources and Governance Committee is responsible for overseeing SOCO human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

Board Appointments

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures the principles of objectivity, inclusivity, transparency and consistency are adhered to.

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors with a view to maintaining an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

Conflict of Interest / Code of Conduct

Board members must comply with the CIC Directors' Code of Conduct^{**} that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Conduct, which includes a conflict of interest and a whistleblowing mechanism. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines.

^{*} The following documents are available on the SOCO website at www.soco.sk.ca

- Board of Directors Terms of Reference
- Human Resources and Governance Committee Terms of Reference
- Audit and Finance Committee Terms of Reference

^{**} A copy of the Directors' Code of Conduct can be obtained by contacting Crown Investments Corporation

Orientation and Continuing Education

Management provides a comprehensive Reference Manual to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focuses on the key roles and responsibilities of boards and best practices in corporate governance.

Board of Directors Meetings

There were six regular Board meetings held in 2009. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

Attendance

February 6	March 11	April 28	May 19	August 19	November 4	
●	●	●	●	●	●	Arlene Wiks, Chair
●	●	●	●	●	●	Richard Florizone
●	●	●	●	●	●	David Button
●	●	●	●	●	●	Sauna Fjaagesund
●	●	●	●	●	●	Mark Regier
●	●	●	●	●	●	Kathy Shirkey

Board Remuneration

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the Crown Management Board and set out as follows:

Chair Retainer
\$10,000

Member Retainer
\$7,000

Chair Meeting Fee
\$600

Committee Chair Meeting Fee
\$550

Member Meeting Fee
\$500

Total remuneration paid to the Board of Directors in 2009 was \$88,550.

Management Remuneration

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits and pension, and a short term incentive bonus. The short term incentive payments are based on performance objectives approved by the Board of Directors. These performance objectives are a combination of Corporate objectives and personal objectives. Corporate objectives represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

In 2009 the total compensation paid to the Corporate Officers was \$829,334.



STRATEGIC DIRECTION

Crown Investments Corporation has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's balanced scorecard.

The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to SOCO.

The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

Mission

To support the growth and success of the Saskatchewan technology sector through the development and operation of research parks.

SOCO's mission affects the Corporation's future in the following key ways:

- Growth of the technology sector is primarily achieved through the implementation of strategies which then contribute to the growth of the research parks. To accommodate growth, adequate space must be available within the parks.
- To compete internationally, Saskatchewan companies and institutions need research infrastructure equal in quality to their competitors and an attractive work environment that supports their recruitment and marketing efforts.

Vision

Saskatchewan's research parks will be the best in the world.

Tenants of the research parks compete in a world wide marketplace for employees, investors and clients. To adequately support them, Innovation Place must be prepared to compete with the best alternative locations throughout the world.

The Corporation's vision is intended to inspire its employees towards excellence in their everyday work and it is intended to act as a lens through which they make decisions. The vision affects every part of the Corporation's operations, administration and development.

Values

Innovation Place fully subscribes to the mandated Crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within Innovation Place and differentiate us from others in our industry:

Innovation

Leadership in the introduction of new solutions in design, operations and sustainability.

Collaboration

Open and accountable in all our partnerships.

Excellence

The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our clients.

Balanced Scorecard

Crown Investments Corporation provides all Crown corporations with clear direction for establishing long term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard is used to measure and report performance and results for these goals.

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' clients, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

Objective	Measure
Job Creation	1. Employment growth within Innovation Place
	2. Independent analysis of the economic impact of Innovation Place clients
	3. Number of clients locating from outside the province
	4. Number of new start-up companies locating at Innovation Place
	5. Available inventory to meet identified demand

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.

Objective	Measure
Support from Ownership	6. Percentage of general public aware of and have a positive opinion of Innovation Place
Client Satisfaction	7. Percentage of CEOs that would recommend Innovation Place to another organization
Productive Workforce	8. Percentage of employees fully engaged in their work
	9. Percentage of annual gross salaries devoted to employee training

Financial

Maintain profitability at a level that supports the growth of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our clients.

Objective	Measure
Return on Investment	10. Cash return as a percentage of cost of assets
	11. Vacancy as a percentage of total space inventory
Sustainable Financial Position	12. Debt as compared to equity
Operating Efficiency	13. Corporate administration as a percentage of revenue

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

Objective	Measure
Reduce Non Renewable Energy Consumption	14. Attain 'BOMA BEST' average points per building
Saskatchewan Procurement	15. Percentage of expenditures sourced in Saskatchewan
Social Responsibility	16. Sponsorships as a percentage of net income
Representative Workforce	17a. Percentage of employees who are Aboriginal
	17b. Percentage of employees who are female and in senior management positions
	17c. Percentage of employees with a disability
	17d. Percentage of employees who are a visible minority



MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The following management discussion and analysis for Saskatchewan Opportunities Corporation should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended December 31, 2009. What follows will provide the context within which the Corporation's financial statements should be analyzed.

Forward Looking Information

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

Corporate Overview

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of research parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 135 tenants that occupy approximately 1.2 million square feet in 17 separate buildings. The Regina campus, opened in 2000, consists of 5 buildings housing 34 tenants and totaling approximately 400,000 square feet. The building in Prince Albert, opened in 2004, is 115,000 square feet and accommodates 11 tenants. The number of people working in Innovation Place facilities totals almost 4,800, spread proportionately through the three locations.

Core Business

Innovation Place designs, constructs and manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Typical vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions. The greatest opportunities for increased revenue are from the development of new buildings and increases in rental rates.

Bio Processing Centre

Innovation Place operates the Bio Processing Centre, a contract processing centre in Saskatoon. It extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes. Since 2000, approximately 20 Saskatchewan companies have used the Bio Processing Centre for their processing requirements as have a similar number from outside the province.

Organization

The Corporation is organized into four divisions, Business Services, Corporate Relations, Finance and Administration and Research Park Operations.

The Business Services division provides credit analysis and advice as well as managing the non real estate business aspects of Innovation Place: Food and Event Services, Information Technology Services and the Bio Processing Centre.

The Corporate Relations division is responsible for Human Resource Management, Communications and Brand Management.

The Finance and Administration division is responsible for risk management, the strategic planning process, financial reporting and accounting.

The Research Park Operations division includes four departments: Technical Operations and Asset Management, responsible for maintenance of buildings, the delivery of certain technical services to tenants and the operation of a central heating and cooling plant in Saskatoon; Marketing, responsible for long term market development and leasing; Property Management, responsible for tenant relations and lease administration; and Project Management, responsible for the management of construction projects.

Strategy

A diverse mix of research and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages interaction, collaboration and growth. Tenant diversity is achieved by bringing together private and public, large and small, local and international organizations. An appropriate tenant mix is ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent committee comprised of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

The primary target for tenants is Saskatchewan based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. Secondary targets include business and technical service organizations, research institutes and national and international technology companies.

The interaction of clients, important for productive collaboration, is enabled through active programming including the organization of social events, business seminars, sports leagues and tournaments. Fitness facilities, games rooms, yoga and pilates classes all contribute to interaction. Buildings and grounds offer multiple opportunities for informal interaction.

Innovation Place provides its clients with a superior working environment that contributes directly to their productivity. A long term commitment to sustainable buildings provides tenants with superior air quality, low levels of off-gassing from building materials and enhanced access to daylight. The quality of the environment is not only intended to enhance operating efficiency and tenant innovation but to assist tenants in employee recruitment and corporate marketing. Beautifully landscaped grounds, large attractive public spaces in buildings and a wide variety of amenities create an appealing setting for tenant's employees, clients and investors.

Marketing objectives are somewhat non traditional due to the fact that the long term goal is the growth of a campus, with multiple buildings, over an extended period of time. A client's potential for future growth becomes as important as their present size. The impact they will have on attracting other clients can be critical. Potential clients that are not interested in locating in the parks immediately, but may be in the future, are also important.

Marketing strategy is primarily based on the quality of the environment available to tenants and the reputation of the parks locally and internationally. A commitment to sustainable development evidenced by Leadership in Energy and Environmental Design® (LEED) certification of buildings and BOMA BEST certification of building operations contributes to that reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand. Traditional advertising and promotion are not used to market the parks. Relationships with provincial and municipal economic development agencies extend the marketing reach of the parks beyond the borders of the province. Park tenants are used as ambassadors for the parks to capitalize on their international science contacts.

Innovation Place gathers feedback from clients, both CEO's and general tenant population, in quantitative and qualitative ways. Quantitatively, the CEOs and general tenant population are invited to participate in annual customer satisfaction surveys, and qualitatively the CEOs are invited to participate in Corporate Partners meetings to allow a face to face discussion with a senior Innovation Place manager. Innovation Place also annually surveys the Saskatchewan general population to determine brand recognition and support. The results of these communications guide management planning.

Keys to Success

Demand

The mission for Innovation Place is to support the growth of the technology sector through the development and operation of the province's research parks. The single biggest key to success in meeting that mission is the level of demand for space from existing and new tenants. When demand exists it validates the operational and marketing strategies employed by Innovation Place.

Client Satisfaction

Historically the majority of demand for space has come from the growth of existing clients. Client satisfaction is therefore a key indicator of future demand. Considering the valuable role existing clients have in assisting Innovation Place attract new tenants, client satisfaction becomes doubly important. Client satisfaction is substantially impacted by the performance of the employees of Innovation Place. Customer service in all areas of operations and administration leaves a mark on satisfaction levels.

Attraction of Start-Up Companies

Providing a good first home for start-up companies is key to the future success of those companies, the parks and the province. There are presently 60 technology companies operating in Saskatchewan that began their business life in Innovation Place facilities. Eighteen of these companies have chosen to move to other locations in the province. These companies generally moved to new locations because their business evolved towards a more industrial nature, requiring more warehousing or manufacturing space that didn't match with the environment in Innovation Place. The 42 companies that remain as tenants in the parks have stayed because the parks continue to meet their needs for specialized space or relationships with other tenants. In total, all these companies now employ over 1,500 people in Saskatchewan. Attracting, encouraging and supporting new start-up companies will contribute to meeting the Innovation Place mission and enhancing revenues in the future.

Attraction of Companies from Outside Saskatchewan

Attracting companies from other jurisdictions to Saskatchewan can contribute substantial new economic activity to the province. Approximately 25% of Innovation Place clients have head offices outside of Saskatchewan. Proactive marketing to this potential market would be expensive with little guarantee of success. Past success has generally been a result of the reputation of Innovation Place, pointing out the importance of maintaining and enhancing that image as a high quality and progressive location for technology companies.

Capital for New Building Development

To accommodate demand through expanded facilities requires capital for new building development. Access to capital, whatever the source, is dependent on demonstrating adequate financial performance. Maintaining the quality of existing buildings, and therefore the reputation of Innovation Place, also requires adequate financial performance.

Access to the capital necessary to meet the mandate of the Corporation requires approval of the shareholder represented by the Board of Crown Investments Corporation. Ultimately that approval could be significantly influenced by the opinion of the general public of Saskatchewan. It is important, therefore, to maintain a high level of support from the general public within the province.

Rental Rates

The primary components of financial performance in the core business of Innovation Place are rental rates, operating costs in buildings and vacancy levels. Rental rates are impacted by broader market conditions in the cities of Prince Albert, Saskatoon and Regina as well as demand for space in the parks themselves. Administrative operating efficiency also affects financial performance.

Cost of New Construction

The relationship between rental rates and the cost of new construction is a key to financial success. Rental rates must provide enough revenue to provide an acceptable return on the capital needed for new buildings.

Utilization of the Bio Processing Centre

The Bio Processing Centre has fundamentally different financial dynamics, as contracts are measured in terms of days rather than years and the industry is subject to substantial fluctuations based on changing markets for the processed products. Fluctuations also occur due to the relatively early stage of business maturity typical of most Bio Processing Centre clients. As most expenses are fixed, financial performance is greatly affected by the utilization rate of the Bio Processing Centre and the margins of each process.

Poor performance during 2009 provides evidence of how the strength of the general economy impacts the Bio Processing Centre. A key component of improved financial performance will be a strengthening of the general economy. Better matching expenses to revenue will also be key.

Capability to Deliver Success

Rental Space Inventory

At year end the overall vacancy level for Innovation Place facilities stood at 5.23%. Demand for space is such that all vacant space is expected to be leased during 2010. With success defined as accommodating the growth of employees in the parks, the capability to be successful in the short to medium term is limited by a lack of space.

On the positive side demand is high and rental rates have risen to the point that they can support the cost of new construction if construction costs and leasing are well managed. The real estate markets in Saskatoon and Regina have seen substantial increases in advertised rental rates for all categories of buildings. Rental rates in Innovation Place facilities have increased dramatically during the past three years.

Innovation Place has suspended new building development activities at the request of CIC until a viable process for employing private capital in new projects is presented for approval. A process has been initiated to identify private partners that are able to invest their capital in new buildings within the research parks. It is management's intention to enter into agreements with private investors that will allow for new projects to start during 2010 with additional space becoming available to lease in the research parks during 2013.

Financial

Based on current performance Innovation Place has the financial resources to meet all the capital investment requirements to maintain existing buildings at their present high level of quality. The financial resources are also available to support the leasing of the remaining vacant space.

Human Resources

At the present level, Innovation Place employees have the capacity to manage all of the operating and development requirements of the company. With relatively small additional resources, capacity could be substantially expanded. Executive management is experienced with the five officers of the company averaging 17 years experience with Innovation Place. The average age of employees, however, is younger than the general workforce in Saskatchewan. There is relatively even distribution of ages throughout the corporation.

Due to the substantial number of internal promotions over the past five years a need for supervisory skills enhancement has been identified and steps have been taken during 2009 to institute management training with a continuing program of internal training planned for 2010 and beyond. Senior leaders in the technical areas of Finance and Administration, the Bio Processing Centre and the Project Management department have appropriate professional designations. Most operating employees in the technical areas have trade certification or equivalent. Property Management employees either have national industry designations (CPM) or are enrolled in the designation training program.

Employees have been active in industry associations serving at various times as president of the Association of University Research Parks (AURP) international board, member of the Canadian board of AURP, president of the Building Owners and Managers Association (BOMA) Canada, member of the BOMA international board, member of the board of the Building Owners and Managers Institute (BOMI) Canada, member of the Saskatchewan Association of Architects Council and president of the Real Estate Institute of Saskatchewan.

Innovation Place employees all work within a strong and supportive policy framework that includes, among others, policies on Code of Conduct, Conflict of Interest, Whistleblower, Non Disclosure and Harassment.

Technical Resources

Financial and operating computer and software systems have the capacity to meet foreseeable growth. Business system hardware and software and park network hardware and software are upgraded on a regular basis. All building management and control systems are monitored 24 hours a day by Innovation Place employees. These state of the art systems ensure employee comfort while maximizing the efficient operation of buildings. Building security systems are also monitored 24 hours a day by Innovation Place employees. All tenant suites and building exteriors are monitored by the electronic security system at all three locations. The security system includes video camera monitoring of key locations.

Results

Public Purpose

Job Creation (1 - 5)

By year end 2009 over 4,700 people were working in Innovation Place facilities, representing an 11% growth during the year. Over 80% of these 475 new jobs were new to the province, resulting from the continued expansion of existing clients, the attraction of new clients from outside Saskatchewan and start-up companies establishing in the parks.

The target for employment growth of 530 was established in the fall of 2008 based on expected leasing of vacant space and the occupancy during 2009 of the new Saskatchewan Disease Control Laboratory building in Regina. In fact that building suffered from minor construction delays and was not occupied by year end. It was expected that 150 employees would occupy the building when completed. These employees will be moving into the building early in 2010. Had they met their scheduled occupancy date the 530 person target would have been exceeded by 95 employees or 18%.

While employment growth is the primary lagging indicator of success in meeting the mandate of the Corporation, an independent analysis of the direct economic impact of tenants on the economy provides the added insight of how valuable the average individual job is to the province. Direct annual economic impact on Saskatchewan from Innovation Place clients grew 12% to \$725 million. Considering the 4,700 people within the parks the impact numbers show each job contributing over \$150,000 to the economy showing the quality of the careers at Innovation Place is as important as the quantity. The methodology involved in the survey determines the net local payroll plus the goods and services purchased within the province by all tenants and then uses a modest multiplier of 1.4.

While only two new tenants from outside the province located in the parks compared to the target of three, 2010 appears to offer substantially better opportunities in this area. Negotiations are underway with a number of out of province companies that should result in tenancies during the immediate future.

1. Employment growth within Innovation Place

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
530	475	288	95	70

2. Independent analysis of the economic impact of Innovation Place clients

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
\$740M	\$724.7M	\$761M	\$775M	\$786M

3. Number of clients locating from outside the province

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
3	2	3	3	3

4. Number of new start-up companies locating at Innovation Place

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
5	7	5	5	5

5. Available inventory to meet identified demand

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
62.6%	17%	82.6%	76.7%	61.9%

Stakeholders

Support from Ownership (6)

Support from the general public is an important leading indicator of shareholder support. As a provincial Crown corporation, Innovation Place is accountable to all residents of the province. This measure is based on a survey of the general provincial population. Respondents are first asked if they are aware of Innovation Place, then if they have a positive or negative opinion. They are given the option of saying they have no opinion. The positive opinions are then compared to the negative opinions. Two-thirds of people surveyed were aware of Innovation Place. Of those, 60% had an opinion and those opinions were all positive. The survey was conducted prior to the media surrounding Innovation Place being named the Association of University Research Parks "Outstanding Research Park" for 2009 which may result in higher awareness levels in 2010.

Client Satisfaction (7)

Client satisfaction remains high at over 98%. To establish satisfaction levels client CEO's are asked if they would recommend Innovation Place as a location to colleague companies. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment. The attractiveness of the physical environment and the park amenities also contribute to client satisfaction by assisting client's marketing and recruitment efforts. The near perfect rating is gratifying to management considering it comes during a period of fairly rapid increases in rental rates.

6. Percentage of general public aware of and have a positive opinion of Innovation Place

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
98%	99.25%	98%	98%	98%

7. Percentage of CEOs that would recommend Innovation Place to another organization

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
98%	98.4%	98%	98%	98%

Productive Workforce (8 - 9)

Innovation Place employees are obviously a key stakeholder for the Corporation. The continuing reduction in employee engagement is a serious issue for management. Engagement of employees is a critical leading indicator of client satisfaction. Employees less engaged in their work put the traditionally high client satisfaction levels at risk which in turn threatens our primary mission of growth.

Training budgets were not fully expended. The under expenditure of training budgets has been a disturbing trend for a number of years and may be part of the reason for falling engagement levels. Management believes it must take a more proactive role in employee training.

Financial*Return on Investment (10 - 11)*

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization.

Cash from operations for 2009 was under budget by \$1.4 million due primarily to the results of the Bio Processing Centre. The Bio Processing Centre was impacted by the state of the global economy and as such had lower utilization in 2009 resulting in an unfavourable net Income variance of \$1.8 million from budget. 2009 Bio Processing revenues of \$0.8 million were \$2.3 million less than the budget of \$3.1 million. This is in direct relation to the reduced utilization of the plant during 2009. The budget anticipated the plant would be utilized for 200 days; but actual utilization was 55 days. Although most of the costs associated with the Bio Processing Centre are fixed, there was a reduction in operating expenses from the budget relating to the variable process costs. As such, the actual operating costs represent \$1.9 million which is \$0.5 million less than the budget of \$2.4 million.

2009 Results Compared to 2008

Net Income of \$4.1 million decreased from \$5.1 million in 2008, which can be mainly attributed to the increased net loss of the Bio Processing Centre.

8. Percentage of employees fully engaged in their work

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
65%	58%	65%	65%	65%

9. Percentage of annual gross salaries devoted to employee training

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
1.5%	0.84%	1.5%	1.5%	1.5%

10. Cash return as a percentage of cost of assets

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
3.61%	3.16%	4.23%	4.63%	4.70%

11. Vacancy as a percentage of total space inventory

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
3.7%	5.23%	3.8%	2.6%	2.1%

Overall the revenues of \$31.8 million were up from \$30.4 million in 2008. The core rental operations remain strong with revenue increasing by over \$3.3 million in 2009, with \$2 million of that increase related to the operations of 121 Research Drive in Saskatoon in 2008 and the completion of 2 Research Drive in Regina during 2009. The remaining increase in rental revenue is the result of increased occupancy and related service revenue. Due to less utilization in the plant during 2009 compared to 2008, Bio Processing revenue decreased \$1.6 million.

Expenses of \$27.7 million were up from \$25.3 million in 2008. This increase is due to additional operating expenses associated with the completion of the new buildings in 2008 and 2009, increased occupancy, as well as general increases in operating expenses. Administrative expenses increased \$0.2 million in 2009. There is also a combined increase of interest and amortization of \$1.0 million which is directly related to increased capital investment. Due to the decreased processing activity at the Bio Processing Centre, costs decreased \$0.5 million in 2009.

Despite the \$1 million reduction in corporate net income, cash flow from operating activities only decreased \$.327 million.

Investment in capital assets of \$6.2 million decreased from \$14.1 million in 2008. Total debt outstanding at year end was \$34.8 million, increasing by only \$0.2 million in 2009.

Sustainable Financial Position (12)

The debt to equity ratio for 2009 was lower than budget due to the total debt outstanding at year end being \$14.8 million lower than what was budgeted. The variance is due primarily to the deferral of new development projects and timing of debt associated with capital projects.

Operating Efficiency (13)

Both administrative expenses and revenue were below budget in 2009. The net impact on a percentage basis was favourable with the percentage being 14.99% for 2009, 0.16% lower than budgeted.

The fact that vacancy levels were slightly higher than target is a reflection of the timing of occupancy of new tenants.

12. Debt as compared to equity

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
1.7:1	1.15:1	.23:1	.30:1	.59:1

13. Corporate administration as a percentage of revenue

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
15.15%	14.99%	14.57%	14.36%	14.47%

Innovation

Reduce Non Renewable Energy Consumption (14)

Innovation Place is committed to being a national leader in sustainable development. Throughout its thirty year existence a goal has been to utilize the most advanced technologies to provide high quality working environments for its tenants. Since the mid nineties all new buildings have won some form of sustainability accreditation. The Forest Centre building in Prince Albert was the first LEED Gold building in Saskatchewan. The two buildings developed since are both awaiting LEED certification, both expected to be Gold as well.

While LEED is an internationally recognized standard and Gold certification a rarely achieved level of LEED, it doesn't represent an ongoing measure of the sustainable operation of buildings. BOMA BEST is such an operating measure. Taking into consideration energy use, water usage, and waste management to name a few criteria, it regularly provides a scorecard of how well buildings are managed. The target of 80% was chosen because it represents the start of the second highest level on the BOMA scorecard. Less than 20% of the hundreds of buildings rated in Canada meet this standard. To set this level as our average performance was judged by management to be a reasonable goal. Considering the fact this goal has been reached we anticipate raising the standard for performance in the future.

Saskatchewan Procurement (15)

The percentage of goods and services purchased in Saskatchewan is a measure mandated by CIC for all Crown corporations. The 95% target reflects the commitment of the research parks to their local communities.

14. Attain 'BOMA BEST' average points per building

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
80%	80.6%	80%	80%	80%

15. Percentage of expenditures sourced in Saskatchewan

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
95%	96.62%	95%	95%	95%

Social Responsibility (16)

Imagine Canada, a not for profit organization encouraging corporate responsibility, has set a rule of thumb of 1% of net profit as a reasonable investment for corporations in community development. Innovation Place generally follows this advice. All our community investment is intended to have some connection with our business strategy and corporate objective. Most initiatives encourage or support our diversity target groups with a particular emphasis on science and entrepreneurship. During a difficult financial year, community support was slightly lower than normal.

Representative Workforce (17)

The four representative workforce categories are measures mandated by CIC. The targets have been established to reflect realistic opportunities for improvement in these areas. For the most part targets were met during 2009. Substantial efforts are put towards meeting these targets. A wide range of relationships with aboriginal groups, the Abilities Council and immigrant assistance organizations are employed to ensure we maintain contact with these communities. While 33% of our senior managers (division and department heads) are women, approximately 50% of all employees in supervisory positions are women.

16. Sponsorships as a percentage of net income

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
1.15%	.64%	1.44%	1.42%	1.29%

17a. Percentage of employees who are Aboriginal

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
8%	9%	9%	9%	10%

17b. Percentage of employees who are female and in senior management positions

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
31%	33%	33%	33%	33%

17c. Percentage of employees with a disability

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
5%	5%	6%	6%	6%

17d. Percentage of employees who are a visible minority

2009 Target	2009 Actual	2010 Target	2011 Target	2012 Target
5%	4%	4%	4%	4%

Outlook

Market Conditions

It is the objective of Innovation Place to maintain its rental rates at a level at least equivalent with the top of the local market, justified by the superior product offered by the research parks and a desire to support a strong and vibrant local real estate market. Market conditions for commercial office space, which set a base line for the research parks product, are in an uncertain state in both Saskatoon and Regina. Regina has one of the lowest vacancy rates in North America at just over 1%. With virtually no vacancy, rates charged to existing clients renewing their leases provide the best evidence of market pricing. Renewal rates have increased at a steady but reasonable rate over the last few years and Innovation Place rates have kept pace or slightly exceeded those in the general market place. Saskatoon is a slightly different situation with a vacancy rate of slightly over 6%, resulting from new office construction during the past two years. Renewal rates have increased at a slightly accelerated rate to a point where they have closed the historic gap between Saskatoon and Regina. Renewals in Saskatoon appear to be at rates that are close to those in Innovation Place, where historically research parks rates have exceeded those in the central business district of Saskatoon.

While the immediate past has seen steady and strong improvements in rates, the future is far less certain. Some asking rates for new space that exists in Saskatoon and is planned in Regina exceed present renewal rates by 50% or more. Such a dramatic increase in rents would improve the financial outlook for development of new buildings but would have a very disruptive effect on existing tenants. It is not yet clear if these dramatically higher asking rates will actually be reflected in an active market or if they will represent a few anomalous transactions. What is clear is that the upward trend in rates will continue unless some major external event intervenes to change market conditions. Management will closely monitor market conditions to ensure research park rates remain consistent with the broader local conditions.

Demand for space in Innovation Place facilities remains high. The small amount of space available for lease will be rented by mid-year 2010. The availability of space in Saskatoon has not affected demand at Innovation Place since almost all of that demand is from existing tenants wishing to expand. These tenants have expressed no interest in relocating to space outside of the research park. In Regina a similar situation exists with strong demand for growth from existing tenants. There is also a reasonable level of demand from new tenants wishing to establish a presence in the park. With no other options within the city at present the only solution for these organizations is more efficient use of their existing space until new space becomes available.

New building development in Regina is anticipated in the near future, both in suburban and core areas. This development will ease some pressure on tenants but if Saskatoon's experience repeats itself it won't have a negative impact on anticipated increases in rental rates.

Demand

In Saskatoon two sectors are driving demand for new facilities, mining and agriculture. The mining sector in Saskatchewan is anticipating a period of unprecedented growth over the next 10 to 20 years. The combined value of planned mines and mine expansions totals tens of billions of dollars. The technology development component of that investment will be measured in billions of dollars. Innovation Place is home to the majority of mining technology activity in Saskatoon. Existing clients predict the need to accommodate over one thousand new employees in the next two to five years. Agricultural biotechnology is also in a period of vigorous growth. The apparent end of the world wide recession has stimulated a renewed optimism about the demands for new crop technologies in the developing world. Resulting expansions of research activity in Innovation Place is putting pressure on existing facilities.

Regulation in plant biotechnology is moving towards the requirement for more sophisticated research facilities to house the development of new transgenic plants intended for certification for sale. It is reasonable to expect Innovation Place will play a role in the delivery of such facilities.

In Regina information services and environmental services are the key drivers of demand. Both are areas of strength in the park and both are experiencing periods of expansion. The presently identified demand represents a need to accommodate over 500 new employees in these sectors. The potential future demand from the environmental services could be substantially higher. Regina is a national if not international centre of research into energy and the environment, home to research in greenhouse gas emissions, carbon capture technology and enhanced oil recovery. Advancements in clean coal technology will need substantial technology development as well, again requiring technical support companies. At this time there isn't a clear picture of what the facility needs will be to accommodate growth in this sector but Innovation Place anticipates there will be a substantial increase in these research activities in the future. Based on experience it is reasonable to assume new laboratory and pilot plant infrastructure will be needed and that the core research will attract support engineering services.

Development

To accommodate existing demand, two new buildings are needed, one in Saskatoon and one in Regina. Based on the desire for the employment of private sector capital in the development of new research park buildings, a public process will occur throughout the first half of 2010 to select private partners that will participate in the ownership of the new buildings planned for both cities. It is anticipated that approval of new projects and design of new buildings will occur during 2010, with construction commencing in 2011. The estimated capital cost of this development program would be between \$100 and \$150 million.

This model of project ownership and development will be used for all new buildings for the foreseeable future. If present levels of demand prove sustainable it is anticipated a similar level of development would be justified commencing in 2012.

Financial

Core real estate operations will remain stable and strong through the next three years. Extremely low levels of vacancy together with strong increases in lease rates at the time of lease renewals will provide increasingly positive revenue growth during this period. The focus of management during this period will be expense control.

In three years, subject to new project approvals, substantial new building inventory will be available for lease. At this time leasing activity will be very dynamic. Existing clients will be relocating to larger space; the space left vacated will be re-leased, in some cases requiring reconfiguration or renovation. At that point managing the cost of these lease transactions will become the primary focus.

The most immediate financial concern is improvement in the results of the Bio Processing Centre. The main objective will be to better match costs with revenue. Even though revenue prospects appear much better for 2010 compared to 2009, volatility in the industry is still a concern. Steps taken to date include reducing the number of shifts combined with not filling vacant operator positions, which effectively reduces the capacity of the plant to better match prospective revenue. If revenue returns to the low levels of 2009 later in the year every effort will be made to reassign operating employees to other areas of technical operations where they can be used productively.

Human Resources

Immediate emphasis will be placed on supporting the young, talented employees moving up to greater responsibility within the Corporation. A vigorous corporate training program is planned for management, particularly front line supervisors new to their positions. The initial focus will be on performance management. The training will be supported by the introduction of new performance management software.

Reversing the trend of declining engagement levels will be a priority for all of management. Substantial resources have and will be dedicated to analysis, planning and execution of initiatives aimed at identifying and dealing with the underlying reasons for the change in engagement.

Longer term objectives include a sharper focus on succession planning. With a number of corporate officers within five to fifteen years of typical retirement age, plans will be put in place to prepare for their potential departure.

Risk

Definition

Innovation Place considers risks as those factors that may inhibit the ability to meet the Corporate mission as measured by the strategic objectives outlined in our Performance Management Plan. These risk factors include utilization of the Bio Processing Centre, lack of available space, demand for space, occupancy levels in existing buildings, approval for future development, construction costs and interest rates.

Likelihood

Management has defined the likelihood of a risk event occurring as low (less than 25% likelihood), medium (between 25% and 75% likelihood) and high (greater than 75% likelihood).

Impact

Innovation Place has currently defined the impact of a risk event as follows:

	Personal Property Damage or Liability	Cost, Schedule or Operations Effects	Performance or Reputational Loss
Severe	<ul style="list-style-type: none"> • Death • Loss of major asset > \$1M • Serious environmental damage • New development >\$5M 	<ul style="list-style-type: none"> • > \$500K capital cost variance • > 6 months construction delay • Operating cash flow variance +/- > 25% 	<ul style="list-style-type: none"> • Failure of acceptance • Significant loss of client trust • Public outcry for resignation / policy change
Moderate	<ul style="list-style-type: none"> • Serious Injury • Loss of Asset(s) \$100K to \$1M • Some environmental damage • New Development > \$1M or < \$5M 	<ul style="list-style-type: none"> • \$100K to \$250K capital cost variance • 3 to 6 months construction delay • Operating cash flow variance +/- >5% and < 25% 	<ul style="list-style-type: none"> • Some loss of a client group trust • Negative media attention
Minor	<ul style="list-style-type: none"> • First aid treatment • Loss of asset < \$100K • Temporary environmental effect • New Development <\$1M 	<ul style="list-style-type: none"> • < \$100K capital cost variance • < 3 months construction delay • Operating cash flow variance +/- < 5% 	<ul style="list-style-type: none"> • Setback in building trust in client group • Some unfavourable media attention

Risks

Management identified the primary risk for the Corporation being a lack of available leasable space to meet the needs of existing and future tenants, as it directly affects our ability to fulfill our mission. Management's main strategy for mitigating this risk is gaining approval for new building development. CIC has confirmed the mandate of Innovation Place to proceed with development of new buildings if private sector capital is employed and an adequate business case is presented.

In the current environment of extremely high demand for space at the research parks, management is very selective in determining which new tenants are approved for tenancy and is carefully evaluating the continued appropriateness of existing tenants at the time their present leases expire. Not renewing some existing leases would provide additional space for lease to more appropriate tenants.

The next significant risk is the under utilization of the Bio Processing Centre. A combination of the volatile demand for services and the fixed nature of expense have resulted in fluctuating financial results. There will be a continued effort to increase the number and diversity of clients to manage this risk. In addition, management has begun restructuring shifts, in effect shrinking the capacity of the plant, in an effort to reduce costs and better match those costs to demand for services.

There is a risk of interest rates increasing that could have a substantial impact on the financial performance of the parks. In an effort to mitigate that risk, borrowings for existing buildings are for terms in excess of twenty years. Engaging private sector capital in new building developments will involve engaging partners that demonstrate a capacity to provide financing terms that extend beyond ten years at a minimum.

Construction costs have represented an area of substantial risk over the past four years. While this risk is somewhat out of the control of management, a long history of good relations with the construction industry, built on practices that show an understanding of contractors business needs, has and will result in competitive tendering and fair prices for Innovation Place projects.

If demand for space, lease rates or construction costs were to fluctuate substantially in the future, the assumptions for new development will be re-evaluated. It is possible that demand or costs could unexpectedly increase or decrease due to conditions not apparent at this time. To mitigate this risk management will monitor levels of demand and continue to ensure there is a reasonable level of lease commitments to support building projects prior to project commencement.

The nature of our longer term lease contracts and the diversity of clients lower the risk of any dramatic impact on financial return from existing buildings. However, the fixed nature of our expenses does expose Innovation Place to some credit risk if tenants are unable to pay lease payments.

Cash Flow

Early in 2010 SOCO was directed to pay a \$9 million dividend to Crown Investments Corporation. SOCO has adequate resources to make this dividend payment and meet all its existing capital plans however it does make meeting budgeted cash flow an even greater priority. There is little room for unforeseen negative events occurring without creating a need to revisit the capital budget.

Enterprise Risk Management

Innovation Place is in the midst of developing a risk management process that will enable the Corporation to identify, quantify and manage risks facing the entire organization, within an established risk tolerance. This risk management process will be ongoing and integrated throughout the organization.

During 2010 Management plans to continue the risk management process by documenting a risk register and building further risk identification within each department of the Corporation.

Accountability and Controls

Future Accounting Changes - International Financial Reporting Standards (IFRS)

In February, 2008, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian Generally Accepted Accounting Principles (GAAP) for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year.

In September 2009, the Public Sector Accounting Board (PSAB), approved an amendment to the Public Sector Accounting handbook confirming the direction which allows Other Government Organizations to either adopt either IFRS or the Public Sector Accounting Handbook, whichever is considered the most appropriate basis of accounting. The Corporation, which is classified as an Other Government Organization, believes that IFRS is the most appropriate basis of accounting and is therefore proceeding with the adoption of IFRS.

The Corporation has undertaken a project to assess the potential impacts of its transition to IFRS. A detailed project plan was developed and appropriate resources assigned to ensure compliance with the new standards. An external advisor has been engaged to assist management throughout the process. Quarterly updates are provided to the Audit and Finance Committee.

Management from Innovation Place have participated in detailed IFRS training seminars and have completed an initial assessment of those international financial reporting standards. Based on the analysis to date, the most significant areas of difference are related to accounting for investment property, property, plant and equipment and financial statement disclosures. While the cost method will continue to be used for the measurement of investment property, certain differences do exist in the cost method under IFRS and adjustments are expected on conversion. The amount of the adjustment has not yet been determined.

Selection of key accounting policies has been finalized and the Corporation is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures. Other than changes to certain formats and required reconciliations, the Corporation does not expect any material changes to these consolidated financial statements.

Audit Processes

External Audit

The Corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order-in-Council, with the appointment being reviewed typically every five years. The current external auditor, Deloitte & Touche LLP, has completed the fourth year of the five year agreement.

The Provincial Auditor Act gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the Corporation's audit. The coordination of the audit is conducted in accordance with the recommendation on the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

In addition to the audit reports on the annual financial statements, the external auditors also report on: matters related to the system of internal controls, compliance with legislative authorities and any other matters that should be brought to the attention of the Legislative Assembly. These reports are provided to management, the Audit and Finance Committee and the Board of Directors.

Internal Audit

In June 2006, an Internal Audit function was established at Crown Investments Corporation to assist in providing an independent, objective view on the effectiveness of risk management, governance and internal controls to those Crown corporations who do not have the resources to support an Internal Audit department.

The Internal Audit team is employed by Crown Investments Corporation and their offices are also located at Crown Investments Corporation. An Internal Audit Charter was presented to the Audit and Finance Committee and subsequently approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of the internal audit activity.

During 2009, the Internal Audit team completed several audits relating to project management, leasing and revenue collection.



MANAGEMENT'S RESPONSIBILITY AND CERTIFICATION

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with Canadian Generally Accepted Accounting Principles. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of December 31, 2009. Based on this evaluation management concludes the following:

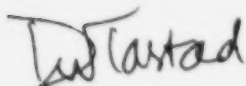
I, Douglas Tastad, the Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Charlene Callander, the Chief Financial Officer of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2009;
- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;
- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and
- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of December 31, 2009 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

The Corporation's independent auditor, Deloitte & Touche LLP, have been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. Deloitte & Touche LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Auditors' Report.

In an effort to discharge its statutory responsibilities which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of Deloitte and Touche LLP. The Provincial Auditor and Deloitte & Touche LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both Deloitte and Touche LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.



Douglas Tastad

President and Chief Executive Officer



Charlene Callander

Vice President and Chief Financial Officer

AUDITORS' REPORT

**To the Members of the Legislative Assembly
Province of Saskatchewan**

We have audited the consolidated statement of financial position of Saskatchewan Opportunities Corporation, operating as Innovation Place, as at December 31, 2009 and the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of Innovation Place's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Innovation Place as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Regina, Saskatchewan
February 1, 2010

FINANCIAL REPORT

Consolidated Statement of Financial Position as at December 31

ASSETS

Cash
Accounts receivable
Prepaid expenses
Debt retirement fund (note 4)
Property, plant and equipment (note 5)

	2009 (000s)		2008 (000s)
\$	6,467	\$	8,071
	3,930		4,649
	245		366
	242		-
	55,386		51,586
\$	66,270	\$	64,672

LIABILITIES AND PROVINCE'S EQUITY

Accounts payable and accrued liabilities
Deferred revenue
Notes payable (note 6)
Long term debt (note 7)

\$	4,109	\$	6,559
	437		721
	11,099		10,859
	23,684		23,684
	39,329		41,823

Province of Saskatchewan's Equity

Retained earnings

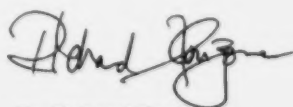
	26,941		22,849
\$	66,270	\$	64,672

(Commitments and contingencies - note 8)
(see accompanying notes)

On behalf of the Board,



Arlene Wiks
Chair



Dr. Richard Florizone
Director

Consolidated Statement of Operations and Comprehensive Income

for the year ended December 31

	2009 (000s)	2008 (000s)
REVENUE		
Rental	\$ 30,620	\$ 27,276
Bio Processing	770	2,359
Interest (note 9)	78	357
Other	371	381
	<u>31,839</u>	<u>30,373</u>
EXPENSES		
Administration	4,783	4,542
Rental operations	17,510	15,788
Bio Processing operations	1,859	2,328
Interest (note 9)	1,166	872
Amortization	2,429	1,767
	<u>27,747</u>	<u>25,297</u>
NET INCOME	4,092	5,076
Other Comprehensive Income	-	-
COMPREHENSIVE INCOME	<u>\$ 4,092</u>	<u>\$ 5,076</u>

(see accompanying notes)

Consolidated Statement of Retained Earnings

for the year ended December 31

	2009 (000s)	2008 (000s)
Retained earnings, beginning of year	\$ 22,849	\$ 17,773
Net Income	4,092	5,076
Retained earnings, end of year	<u>\$ 26,941</u>	<u>\$ 22,849</u>

(see accompanying notes)

Consolidated Statement of Cash Flows

for the year ended December 31

	2009 (000s)	2008 (000s)
OPERATING ACTIVITIES		
Net income	\$ 4,092	\$ 5,076
Add non cash items:		
Amortization	2,429	1,767
Debt retirement fund earnings	(7)	-
Debt retirement fund market value losses	2	-
	6,516	6,843
Change in non cash operating items:		
Accounts receivable	719	(1,232)
Prepaid expenses	121	(164)
Accounts payable and accrued liabilities	(240)	1,174
Deferred revenue	(284)	291
Cash provided by operating activities	6,832	6,912
INVESTING ACTIVITIES		
Change in accounts payable for capital, non cash	(2,210)	717
Purchase of property, plant and equipment	(6,229)	(14,099)
Cash used in investing activities	(8,439)	(13,382)
FINANCING ACTIVITIES		
Proceeds from notes payable	6,000	11,000
Repayment of notes payable	(5,760)	(28,985)
Proceeds from long term debt	-	23,684
Debt retirement fund installments	(237)	-
Cash provided by financing activities	3	5,699
NET CHANGE IN CASH DURING THE YEAR	(1,604)	(771)
CASH, BEGINNING OF YEAR	8,071	8,842
CASH, END OF YEAR	\$ 6,467	\$ 8,071

Supplementary Information:

Interest paid	\$ 1,189	\$ 609
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(see accompanying notes)

Notes to Consolidated Financial Statements

December 31, 2009

1. Status of Corporation

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the brand name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is subject to neither federal nor provincial income tax. The financial results of the Corporation are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan (CIC).

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of research and development parks.

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting policies are considered to be significant:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins).

As the Corporation has an obligation to absorb the expected losses of 212822 Saskatchewan Ltd., it falls under the classification of a Variable Interest Entity and is consolidated in the accounts of the Corporation.

b) Property, plant and equipment

Property, plant and equipment are recorded at the lower of cost, net of accumulated amortization, and net recoverable amount. Rental assets consist of buildings at Innovation Place in Saskatoon, Regina, and Prince Albert, as well as related site improvement costs, tenant improvements and equipment. Office equipment and furniture are used by the Corporation for its own use.

Buildings and site improvement costs, net of estimated residual value, are amortized on a straight-line basis over the estimated useful life of the particular asset (15 to 40 years). Tenant improvements are amortized on a straight-line basis over the term of the associated lease (5 to 10 years). Equipment and furniture are amortized on a straight-line basis over 3 to 5 years.

Construction in progress consists of buildings and tenant improvements currently under development. Costs capitalized to assets under development include all direct and directly attributable expenditures incurred in connection with the acquisition, development and construction. Costs directly attributable to development projects include interest and salaries and benefits of employees directly associated with the development projects.

c) Revenue recognition

The Corporation uses the straight-line method of recognizing rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, deferred rent receivable is recorded for the difference between the straight-line rental revenue recorded and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services provided to customers, tenants and clients using the accrual basis of accounting.

Amounts received in advance of contract terms are recorded as deferred revenue.

d) Financial instruments

The Corporation uses the following categories to classify its financial instruments: held-for-trading, held-to-maturity, loans and receivables, available-for-sale, and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as held-for-trading, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Held-for-trading financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of operations. Available-for-sale financial assets are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest method.

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

e) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to estimates include the carrying amounts of property, plant and equipment and underlying estimations of useful lives, certain accrued liabilities, and the carrying amounts of accounts receivable and underlying provision for bad debts. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

3. Change in Accounting Policy

In June 2009, the Canadian Institute of Chartered Accountants (CICA) issued an amendment to Handbook Section 3862, Financial Instruments – Disclosures, to provide improvements to fair value and liquidity risk disclosures. The amendments apply to the Corporation's fiscal year ending December 31, 2009. This adoption resulted in additional disclosures in Notes 2(d) and 11.

4. Debt Retirement Fund

	2009 (000s)	2008 (000s)
Debt retirement fund, beginning of year	\$ -	\$ -
Installments	237	-
Earnings	7	-
Market value losses	(2)	-
Debt retirement fund, end of year	\$ 242	\$ -

Under conditions attached to the long term debt issue, the Corporation is required to pay annually into debt retirement funds administered by Saskatchewan's Ministry of Finance. The annual required contribution is \$236,840, and is based on 1% of the original debt issue. Upon redemption of the debt issue, the Corporation is required to pay the principal balance less the amount available from the debt retirement fund.

5. Property, Plant and Equipment

	Cost (000s)	Accumulated Amortization (000s)	2009 Net Book Value (000s)	2008 Net Book Value (000s)
Rental assets	\$ 57,937	\$ 5,120	\$ 52,817	\$ 34,054
Office equipment and furniture	3,469	2,926	543	715
Construction in progress	2,026	-	2,026	16,817
	\$ 63,432	\$ 8,046	\$ 55,386	\$ 51,586

In 2004 and 2005, rental assets with an original total cost of \$181,828,000 were transferred to the Province of Saskatchewan's General Revenue Fund (GRF) in exchange for the GRF forgiving notes payable and long term debt of the Corporation outstanding at April 1, 2004. Under an operating agreement with the Ministry of Energy and Resources (formerly the Ministry of Industry and Resources), dated March 2, 2005, the Corporation leased the transferred assets for a nominal annual amount. Under the terms of this agreement, the Corporation has been assigned all rental revenue generated and is responsible for all costs associated with their operation.

6. Notes Payable

At December 31, 2009, the Corporation had notes payable to the GRF of \$11,099,575 (2008 – \$10,859,000), due March 31, 2010. Notes payable to the GRF bear interest at rates established on a quarterly basis by the Ministry of Finance. The interest rate at December 31, 2009 is 0.28% (December 31, 2008 – 1.35%).

7. Long Term Debt

The Corporation's long term debt balance consists of one CPP Investment Board debt issue with the Province of Saskatchewan. The \$23,684,000 was issued July 11, 2008, bears interest at 4.71% (effective rate of 4.71%), and is due July 11, 2038.

8. Commitments and Contingencies

The estimated cost to complete projects under construction is approximately \$3,000,000 (2008 – \$7,400,000).

The Corporation continues its discussion with the City of Saskatoon regarding electrical consumption for one building at Innovation Place that was not appropriately metered for the period of 1987 to 2002. The Corporation has accrued a payable which is considered to be a reasonable estimate based on the current facts. The Corporation will account for any difference in the settlement amount in the period in which the issue is resolved.

The Corporation is also the defendant in other legal suits and disputes that have arisen in the normal course of business. The Corporation does not believe that the ultimate resolution of these matters will result in any liability.

9. Interest Revenue and Expense

Interest revenue consists of the following:

	2009 (000s)	2008 (000s)
Interest revenue	\$ 73	\$ 357
Debt retirement fund earnings	7	-
Debt retirement fund market value losses	(2)	-
	<u>\$ 78</u>	<u>\$ 357</u>

Interest expense consists of the following:

	2009 (000s)	2008 (000s)
Notes payable	\$ 73	\$ 606
Long term debt	1,116	529
Interest capitalized	(23)	(263)
	\$ 1,166	\$ 872

10. Capital Management

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable having a term to maturity of one year or less, long term debt, and equity, in the form of retained earnings.

The Corporation funds its capital requirements through internally generated funds and debt. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance. By legislation, the Corporation cannot have more than \$170 million of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have \$50 million of short term notes outstanding at any time.

The Corporation monitors its capital structure on the basis of the debt to equity ratio. The current long term debt to equity ratio target is 3:1, which is consistent with the prior period. The ratio is calculated as follows:

	2009 (000s)	2008 (000s)
Notes payable	\$ 11,099	\$ 10,859
Long term debt	23,684	23,684
Cash available to repay debt	(3,686)	(2,831)
Total net debt	\$ 31,097	\$ 31,712
Retained earnings	\$ 26,941	\$ 22,849
Debt ratio	1.15 : 1	1.39 : 1

Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the year ended December 31, 2009.

11. Financial Instruments

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

At December 31 (000s)

At December 31 (000s)		2009		2008	
	Classification	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS					
Cash	HFT	\$ 6,467	\$ 6,467	\$ 8,071	\$ 8,071
Accounts receivable	L&R	3,930	3,930	4,649	4,649
Debt retirement fund	HFT	242	242	-	-
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	OL	(4,109)	(4,109)	(6,559)	(6,559)
Notes payable	OL	(11,099)	(11,099)	(10,859)	(10,859)
Long term debt	OL	(23,684)	(23,650)	(23,684)	(23,800)

HFT – held-for-trading; L&R – loans and receivables; OL – other liabilities

Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and notes payable approximate carrying value due to their immediate or short term nature.

Debt retirement funds are valued at the closing year end unit prices received from the Saskatchewan Ministry of Finance.

The long term debt issue is valued at year end market prices for the underlying debt issue.

Fair value hierarchy

Fair value for cash and the debt retirement fund are recognized in the Statement of Financial Position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

12. Financial Risk Management

a) Credit risk

Credit risk is the risk of an unexpected loss if a client or third party to a financial instrument fails to meet its contractual obligations. Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client.

The maximum credit exposure is limited to the carrying amount of cash and accounts receivable. Cash is maintained with high credit quality financial institutions and management considers the risk of non-performance to be minimal.

The following reflects an aging summary of the Corporation's accounts receivable:

	2009 (000s)	2008 (000s)
Current	\$ 2,818	\$ 2,932
31 - 60 days	254	312
61 - 90 days	79	374
Over 90 days	1,108	2,099
	4,259	5,717
Allowance	(329)	(1,068)
Accounts receivable	\$ 3,930	\$ 4,649

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	2009 (000s)	2008 (000s)
Allowance for doubtful accounts, beginning of year	\$ 1,068	\$ 829
Provision	389	245
Write-offs, net of recoveries	(1,128)	(6)
Allowance for doubtful accounts, end of year	\$ 329	\$ 1,068

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long term debt with fixed interest rates. The impact of fluctuations in interest rates related to these debt instruments will not be significant and, therefore, management has not provided a sensitivity analysis of the impact.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2009 (000s):

	6 Months or Less	7 – 12 Months	1 – 2 Years	3 – 5 Years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 4,109	\$ -	\$ -	\$ -	\$ -
Notes payable	11,099	-	-	-	-
Long term debt	558	558	1,116	3,347	50,456
	\$ 15,766	\$ 558	\$ 1,116	\$ 3,347	\$ 50,456

Contractual cash flows for long term debt include principal and interest payments but exclude sinking fund installments.

13. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2009 (000s)	2008 (000s)
Accounts receivable	\$ 1,012	\$ 1,083
Accounts payable and accrued liabilities	410	329
Deferred revenue	193	493
Rental revenue	11,705	10,794
Rental operations expense	1,770	1,475

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

14. Pension Plan

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to income when made. Pension expense for the year was \$482,000 (2008 - \$473,000).

15. Future Changes in Accounting Policies

In February, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including the Corporation, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Corporation has commenced an IFRS conversion project including initiating an IFRS implementation plan. The Corporation believes that its conversion project is progressing according to the project plan. At this time, the impact on the Corporation's future financial position and results of operations is not reasonably determinable.

16. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.



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